

**Introduced by Senator Speier**February 17, 2005

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An act relating to health care coverage.

## LEGISLATIVE COUNSEL'S DIGEST

SB 367, as introduced, Speier. Health care complaint system.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law also provides for the licensure and regulation of health insurance by the Department of Insurance.

This bill would state the Legislature's findings and intent concerning establishing a single entity for the resolution of complaints concerning health care coverage.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. (a) The Legislature finds and declares the
- 2 following:
- 3 (1) Health care services must be available to Californians
- 4 without unnecessary administrative procedures, interruptions, or
- 5 delays.
- 6 (2) As of May 2002, the Department of Insurance estimated
- 7 that it regulated insurers covering 28.79 percent of the total
- 8 accident and health care market and that, with respect to those
- 9 commercial products that are comparable between the
- 10 Department of Insurance and the Department of Managed Health
- 11 Care regulated products, the Department of Insurance regulated

1 16.8 percent of the comprehensive commercial health insurance  
2 provided to Californians.

3 (3) For a number of reasons, health care service plans  
4 regulated by the Department of Managed Health Care have seen  
5 their enrollment decline, with most enrollment moving to  
6 preferred provider organizations and similar arrangements. Thus,  
7 the percentage of health care insurance products and patients  
8 enrolled in policies regulated by the Department of Insurance has  
9 increased substantially and will continue to increase.

10 (4) With two separate departments responsible for regulating  
11 entities that provide health care coverage, patients and their  
12 health care providers are often confused about the identity of the  
13 appropriate regulator. Further, patients enrolled in insurance  
14 products regulated by the Department of Insurance and their  
15 health care providers do not have an established unit within the  
16 Department of Insurance that has the expertise to resolve  
17 complaints. Thus, these individuals are not entitled to receive the  
18 same level of regulatory protections that they would have  
19 received had the product been regulated by the Department of  
20 Managed Health Care.

21 (b) It is the intent of the Legislature to reduce confusion about  
22 the identity of the appropriate regulator, to provide all patients  
23 who have health care coverage and their health care providers  
24 with a single entity that is visible, easily accessible, and able to  
25 effectively resolve complaints, and to assure the public that the  
26 law is properly implemented.